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Lee: Emulate Singapore in forging FTAs

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SINGAPORE Senior Minister Lee Kuan Yew has urged Association of South-East Asian Nations (Asean) member countries to consider emulating the island's step in forging free trade agreements (FTA) with other countries.

He said other Asean members should reap the benefits of "joint economic partnership".

"I think other Asean countries should consider and also have joint economic partnership," he told a press conference in Kuala Lumpur at the end of his four-day official visit to Malaysia yesterday.

Asked on the proposed FTA between Singapore and Japan, the details of which are expected to be agreed upon this month, Lee said the move by Japan is also expected to encompass the region.

"I believe it's a signal that it is willing not only to engage Singapore but eventually the whole region.

"I think that is clearly the case as it is with our free trade agreement with America," he said.

Malaysia has expressed reservations on several occasions on Singapore's decision to seal separate FTAs with other countries outside the region.

Malaysia believes that such bilateral arrangement could have adverse implications on the Asean Free Trade Area in that it could be used by Singapore's trading allies as a backdoor into the combined market of over 500 million people.

Singapore signed its first FTA with New Zealand last year and is still trying to ink a similar deal with the US and Australia while it will be the first FTA for Japan.

Arguing in defence of Singapore's FTA with Japan, Lee said Japanese products manufactured in Singapore will enjoy a freer entry into the Japanese market.

"In this way it will help Japanese companies to continue investing in Singapore," he added.

Commenting on the impact of China's entry into the World Trade Organisation (WTO) as a full-fledge member, Lee said that while China would enjoy investments and exports at the same favourable rate as other WTO members, Asean countries could mitigate the effects by having FTAs.

"There are a few things we can do, one of which is to have a special FTA. That gives us a slight advantage in the entry of our goods and in attracting their investments," he elaborated.

Lee also said it does not make sense for Singapore to sabotage the Malaysian economy.

"First of all, have we got the capacity to sabotage the Malaysian economy and is it in our interest to do so.

"Secondly, if we collapse your economy, we are going to suffer pain and loss.

"I do not understand why Singaporeans or let alone the Government would want to do Malaysians harm and sabotage the economy, even if we could. It makes no sense to me," he said.

He also denied that the Singaporean Government was involved in increasing interest rates for ringgit fixed deposits during the financial crisis.

"Its the private banks that did. We have nothing to do with the rates," he said.

In his meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad on

Tuesday, both leaders announced that they have reached agreement in principle to resolve outstanding bilateral issues.

He said while Singapore has asked for 750 million gallons of water per day from Malaysia, Malaysia has only agreed to supply 350 million gallons of water daily to the republic.

"We have agreed to vary the POA (Points of Agreement) by giving Malaysia 12 parcels of land in Bukit Timah which was not included in the POA but after which Dr Mahathir has asked to be included.

"We have also agreed to increase the price from 3 sen to 45 sen for the current water that we take from Malaysia. Its a bonus in order to get a security of supply after 2061," he added.

Asked on whether the issue of Singapore Telecommunications Ltd (SingTel) came up in the discussion with Dr Mahathir, Lee replied that SingTel was a separate issue.

"I don't believe SingTel was blocked just because it was SingTel.

"There must have been commercial interest involved," he said referring to the aborted Time Engineering Bhd-SingTel proposed deal.

On the whole, Lee summed up the deal struck with Dr Mahathir as being somewhat a tough one to crack.

"It could have been better. A deal is a deal. That's done. Let's move on," he said.

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